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Automotive News

Detroit, May 4, 1981

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56th year—$35 per year, $1.00 per copy

Baby Maserati

Luxury in a small package

All-new small Maserati, due out in Europe later this year, is expected to debut in the U. S. by '82 or '83. The 2+2 coupe reportedly will be powered by a V-6. mounted in front and driving the rear wheels. Price is expected to be between $20,000 and $25,000. Unofficial photos were snapped during factory test runs.

Domestic-car dealer total down 221 in 1st quarter

By John K. Teahen Jr.
Managing Editor

There was discouraging news again for the domestic dealer population in the first quarter of 1981. The latest AUTOMOTIVE NEWS census shows a decline of 221 outlets for the January-March period.

The domestic dealer count was 21,551 on April 1, compared with 21,772 on Jan. 1.

The dip of 221 locations was not as bad as the 258-outlet drop in the first quarter of 1980. That was encouraging.

But the falloff was worse than the 173 outlets that left the field in the fourth quarter of 1980. That was *not* encouraging.

Each of the four manufacturers shared in the first-quarter dip. American Motors was down 17 outlets, and the Big Three were about on a par with slips of 63 for Ford Motor Co., 55 for General Motors and 51 for Chrysler Corp.

That amounts to 186. The industry loss was expanded to 221 by a change in the number of intercorporate duals. An intercorporate dual boosts the total for the company involved, but it does not help the overall count because the dealership was already in business before taking on the additional line.

All figures in this article and in the accompanying tables refer to the net change in the dealership population, both for the individual corporations and car lines and for the domestic industry as a whole.

• The departure of 221 outlets was the second highest for the first quarter in the 20 years AUTOMOTIVE NEWS has been compiling census figures on a quarterly basis. Only last year's 258 was more severe.

The current quarter will tell a lot about what kind of a year it's going to be in the domestic dealer field. Last year, the second quarter brought a staggering loss of 672 outlets (highest ever for a three-month span), and that was followed by a dive of 507 in the third quarter as the industry lost 1,607 for the year.

If the decline moderates a bit this quarter, it will be a heartening sign for the domestic industry. If it approaches last year's figure, another disastrous year could be in store.

In the first quarter, Chrysler Corp. and Ford Motor fared better than in 1980, while GM and AMC had bigger losses than a year ago.

Chrysler's dip of 51 was only one-third as bad as last year's 152, and Ford Motor's 63 was

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U. S. CAR OUTLETS

	April 1, 1981	Jan. 1, 1981
American Motors	1,646	1,663
Chrysler Corp.	3,772	3,823
Ford Motor Co.	5,898	5,961
General Motors	11,005	11,060
Totals	22,321	22,507
Minus Intercorporate Duals	770	735
NET OUTLETS	21,551	21,772

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Issue still very much alive in House hearing

Air-bag rhubarb goes on and on

By Helen Kahn
Washington Bureau Chief

WASHINGTON. — The fight over passive restraints — especially airbags — is not yet over, although the standard was a major item on the Reagan Administration hit list and although large cars already have a one-year reprieve.

The action may be in Congress, which has on several occasions taken the matter into its own hands. In fact, the battle has started

The standard is not a "Looseygoosey/consumer - flaky" issue. So said Rep. Tim Wirth, the Colorado Democrat who heads the new House subcommittee, looking anew at the 10-year-old controversy.

Nor is it "just a minor nuisance regulation, like the height of toilet seats or the temperature at which live animals must be transported." So said Yale Professor William Nordhaus, formerly the member of the President's Council for Economic Advisers in charge of regulations.

"Why can Toyota design something that doesn't strangle my wife and General Motors can't?" So asked Rep. Al Swift, Washington Democrat.

• Sound like 10 years ago, the height of the consumer activist period when Detroit was the target? Well, it was last week.

The scene was the startup of House Energy and Commerce subcommittee hearings on passive restraints in the 97th Congress — just 19 days after the Reagan Administration gave the makers of large cars a one-year reprieve on restraints. It was standing room only and TV lights.

Many of the Congressmen were different, but with the exception of the new NHTSA head Ray Peck, the witnesses were the same ones who have appeared over many years. Joan Claybrook was in there pitching.

Many arguments were the same, although the numbers used for costs and benefits were updated.

The twist added at the end of the last Congress — how to equalize treatment of import companies, most of whose cars are smaller than domestics—was again debated.

The upshot is that even with an Administration devoted to deregulation and sympathetic to Detroit, the issue of air bags is very much alive. Indications are that Congress—as it has in the past—will decide the issue rather than the bureaucrats.

And with that, certainty — which the companies like most, next to profits—is gone.

• Mercedes - Benz, which had planned air bags as well as three-point belts for front seats on all its cars sold in the U. S., has changed its mind. It will not even offer air bags as options.

"Mercedes - Benz has never considered the airbag as the ultimate occupant crash protection solution in the first place," the company said. "The air bag, for us, has always been a supplement for an otherwise actively safe car equipped with three-point belts."

Mercedes-Benz, which had one model affected by the start of the phase-in for large 1982-model cars, added it will "honor the postponement of the passive restraint rule which is based on American social, political and economic considerations."

In Germany, which has mandatory belt use, Mercedes is offering a driver air bag mainly to prevent facial lacerations. It is advertising, "A good idea must not be given up."

Volvo, which had talked of air bags on some 4,000 cars

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breaking news

Ford to offer propane option in '82

DEARBORN.—Ford of Canada will offer a factory-engineered propane fuel system for some Granadas and Cougars in the 1982 model year. It is expected the option will be priced at about $600. Ford expects to sell about 20,000 systems in Canada in calendar 1982. Production started last month at Louisville of a propane option for Ford medium/heavy-duty trucks for sale in the U. S. and Canada.

Chevy buildout, startup dates set

DETROIT.—Chevrolet has told its dealers to expect Malibu, Citation, Camaro and Celebrity to be in short supply during the rest of the calendar year because of changes in car-line programs and startup dates. Camaro will build out earlier than usual, July 10, and start up later than usual, Oct. 5. Monte Carlo and Malibu buildouts are scheduled for the week of July 31. Citation buildout is set for Sept. 4, with startup Sept. 14. Celebrity is slated for a late startup on Sept. 28.

J-car to be built in Brazil

SAO JOSE DOS CAMPOS, Brazil. — General Motors do Brasil will begin production of the J-car here this month. At first, total output will be exported. Sales in the domestic market will be held off until 1982. Export models will have four-cylinder gasoline engines of 1.6 and 1.8 liters. Cars for the domestic market will also be available with an alcohol engine running on a 12:1 compression ratio. Eventually, export models may be built equipped with diesels imported from Germany.

Chrysler price hike averages $194

DETROIT. — Chrysler Corp. has raised new-car prices an average of $194, or 2.6 percent, for the average-equipped vehicle. This compares with boosts of $178 for Ford Motor last week and $351 for General Motors on April 13. Chrysler's hikes generally ranged from $91 on the Omni/Horizon four-door to $348 on the Chrysler Cordoba, although the Imperial went up $801. The base K-car two-door was raised $115. Like GM and Ford, Chrysler said it plans no further price increases for the remainder of the 1981 model year.

First quarter results up from $155 million a year ago

GM reports profit of $190 million...

By Edward Lapham
Financial Editor

General Motors reported first quarter 1981 net earnings of $190 million (63 cents a share), up 22.6 percent from $155 million (52 cents a share) in the 1980 period. Sales for the January-March period rose less than one percent to $15.724 billion from $15.713 billion.

GM Chairman Roger B. Smith and President F. James McDonald issued a statement which said the first-quarter results continued the gradual recovery begun in the final quarter of 1980. GM had a fourth-quarter profit of $62 million but suffered a loss of $763 million for the year.

"This improvement is encouraging and reflects intensive efforts to reduce costs," they said.

The two GM executives also said "prospects for a good spring selling season" will be aided by the May 21 introduction of GM's new J-cars.

They also said "the U. S. economy has rebounded considerably" and "the consumer's financial position has improved significantly" since last spring, which should aid the U. S. recovery. They did say, however, that non-North American economies are not recovering as quickly, which will continue to hamper overseas operations.

"Certainly this will be no record year for GM or the auto industry, nor even an outstanding year," they said. "But despite the uncertainties, we do expect 1981 to be a year of improvement and progress."

• GM reported that in the first quarter, worldwide factory sales of all vehicles declined 16.9 percent to 2,034,000 from 1,690,000. In the U. S., factory sales of cars declined 18.1 percent to 957,000 from 1,169,000 while factory sales of trucks fell [illegible] percent to 205,000 from 228,000.

Factory sales of all vehicles manufactured in Canada were off 12.2 percent to 187,000 from 213,000 and overseas factory sales dropped 19.6 percent to 341,000 from 424,000.

The average number of employes worldwide was 758,000 in the first quarter, off 4.9 percent from 797,000 last year. Total worldwide payroll last quarter was $4.81 billion, compared with $4.57 billion in the same period last year.

The total cost of an hour worked by U. S. hourly employes rose 13.5 percent over the past year to $19.70 in January-March this year from $17.35 in the period last year, GM said.

Working capial at March 31 totaled $2.440 billion, down from $3.148 billion at Dec. 31 and $6.256 at March 31, 1980.

GM's income statement for the first quarter listed a combined total of $1.136 billion for depreciation and amortization, compared with $1.056 billion last year.

GM's current assets to current liabilities ratio deteriorated further in the first three months of the year to 1.19 to one from 1.26 to one at Dec. 31 and 1.58 to one at March 31 last year.

Smith and McDonald said the current earnings "are well below the level" needed to fund GM's "aggressive product and facility programs" of the 1980s.

Toyota's new 4WD entry in Europe

Toyota and Datsun are bringing new models in the growing 4WD field in Europe. The Datsun Patrol, and the Toyota Land-Cruiser (above) feature a clean design and they are lower-priced than the American 4WD models AMC Wagoneer and Cherokee. Due to the high value of the U. S. dollar, prices of the U. S. cars are increasing in most European countries.

Chevrolet, Ford launch sales incentive plans

By Joseph Bohn
Marketing Editor

Consumer rebates may have ended, but Chevrolet and Ford are still using cash incentives to move cars and trucks.

Chevrolet launched a sales manager's cash incentive, paying bonuses up to $3,000, to managers, plus a $50 override on each additional light - duty truck once they hit the top objective.

Meanwhile, Ford Division launched a dealer cash incentive, paying up to $200 per Granada, $500 on Thunderbird and $500 on light-duty conventional pickup trucks.

The Ford program is called "Spring Green." It runs from April 27 to June 27.

Dealers are assigned a total car objective. If they hit 0 to 69 percent of it, they receive $100 retroactively for every Thunderbird they sell. Again, 70-99 percent pays $300 on every Thunderbird, retroactively; and 100 percent and above pays $500 per Thunderbird, retroactively.

There is a separate contest on Granada, during the same time frame.

Dealers get a flat $200 for every Granada they sell, beginning with the first unit. However, only Granadas released prior to May 1 and sold from stock are eligible for the money.

• In another phase, Ford has an incentive on light-duty conventional pickup trucks from the F-100 to F-350 series. Broncos, vans and Courier are excluded.

The truck incentive is set up so dealers earn $100 per truck for hitting 20 to 39.9 percent of objective; $150 for 40 to 59.9 percent; $200 per unit for 60 to 79.9 percent; $300 per unit for 80 to 99.9 percent and $500 per unit for 100 percent and above. Payments are non-retroactive.

Ford dealers will carry the load in terms of advertising Thunderbird and Granada values, but Ford Division will do factory advertising to highlight special truck values.

A Ford spokesman said the truck ads encompassed 30-second TV and 60-second radio spots, breaking last Friday, along the lines of "Now's the time to get the jump on prices, and Ford's special incentives to dealers can save you hundreds of dollars." J. Walter Thompson is the agency.

Chevrolet's contest is called "Big Bonus Time."

It covers new '80 and '81 pickups and vans, excluding the LUV and the medium-duty truck series. The contest runs from April 21 to May 31.

Payments vary according to dealership objective.

If a sales manager had an objective to 4 to 10 trucks, he would get a $500 bonus by hitting his objective, plus receiving $50 for each additional unit over 10 that he sells.

If a manager had an objective of 11 to 20 units, he would receive a $1,000 bonus for reaching it, plus the $50 override on every additional sale over 20.

Similarly, objectives of 21 to 30 units pay $1,500; 31 to 40 units, $2,000; 41 to 50 units, $2,500; and 51 and over, $3,000. Managers reaching their objectives in each of these categories get the $50 - per - unit override, once they reach their goal.

$439 million in red for first 3 months

...But Ford suffers 6th straight loss

By Edward Lapham
Financial Editor

DETROIT. — Ford Motor Co. reported its sixth consecutive quarterly loss for the first three months of 1981.

The company said it incurred a net loss of $439 million ($3.65 a share) in the period, up from the $164 million ($1.36 a share) the auto maker lost in the first quarter of 1980 despite a relative improvement in U. S. operations.

Worldwide sales in the period were off 3.1 percent to $9.3 billion from $9.6 billion.

Ford said that in the U. S. in January-March, it sustained an after-tax loss of $395 million ($3.28 a share) compared with $473 million ($3.94 a share) last year.

A statement by Chairman Philip Caldwell and President Donald E. Petersen said "major reductions in operating costs" were offset by lower sales, a less favorable product mix, spiraling labor and material costs plus higher interest expense.

Ford said its largest year-to-year deterioration of operations was in the overseas markets. The auto maker said it had an after-tax loss of $44 million (37 cents a share) outside the U. S. in the period, including a $61 million loss in Canada. In the year-ago period, the company's non-U. S. operations contributed after-tax earnings of $309 million ($2.58 a share).

The overseas profit decline "reflected principally lower industry volume and lower dealer stocks in Europe because of a cyclical weakening of some economies," the Ford statement said.

• Ford's financial situation did not deteriorate as much as the results might have indicated.

In fact, the auto maker's current assets to current liabilities ratio actually improved slightly to 1.05 to one at March 31 from 1.04 to one at Dec. 31. However, it was well below the 1.19 to one ratio at March 31, 1980.

Working capital increased $10.3 million during the period to $497.3 million at March 31, due to a reduction in dividend payments and other reduced dispositions.

Working capital, which started 1980 at $2.3 billion, decreased by $479.2 million in the first quarter last year and by additional amounts in successive quarters for a total erosion of about $1.8 billion last year.

Ford's statement of operations listed depreciation at $273.7 million in the first quarter compared with $242.3 million last year. Amortization of special tools was listed at $261.2 million compared with $212.5 million.

"A substantial improvement in Ford's operating results" is expected in the second quarter of 1981, the statement said, based on a recovery in industry car and truck sales and dealer inventory expansion in the U. S., as well as "gradual improvement" in vehicle demand in "most major markets."

...And Chrysler drops another $298 million

By Edward Lapham
Financial Editor

Chrysler Corp. reported a net loss of $298.4 million ($4.56 a share) for the first fiscal quarter of 1981. It was a marked improvement over the $449 million ($6.84 a share) net loss reported the year earlier, but generally a bigger loss than Wall Street analysts had anticipated.

In a report to shareholders, Chrysler Chairman Lee Iacocca said the company "is on schedule in its rebuilding program." He also said Chrysler "exceeded the sales objectives established in the operating plan so far in 1981."

Net sales in the January-March period rose slightly to $2.428 billion from $2.347 billion in the 1980 period. Iacocca said that despite "the economic factors which depressed the automobile industry," Chrysler's "costly package of sales incentives and rebates" was successful in giving Chrysler sales momentum.

He said Chrysler's share of the U. S. car market in the quarter was 10.6 percent compared with 9.5 percent in the first three months of 1980. Worldwide factory sales of motor vehicles declined 7.2 percent to 305,133 from 328,917 last year.

"Even though Chrysler incurred a loss for the quarter, operating results improved month by month and approached breakeven in March," Iacocca said.

"With a continuation of our sales momentum, the increasing benefits from our restructuring program and a moderation of interest rates, Chrysler's operating results are expected to improve dramatically in the second quarter and the balance of the year."

Chrysler's financial position improved somewhat during the period. Its current assets to cur-

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Ford is eying a return to ragtop market

DEARBORN. — Ford Motor Co. may be scurrying to catch up to Chrysler Corp. and pass it in one area at least.

Ford is evaluating convertible versions of the EXP/LN7 and Mustang, and, according to one report, a soft top Ford may be available in the fall of 1981.

Earlier this year, Chrysler showed the press a convertible K-car it will put on the market next spring.

Auto makers' first-quarter results

PROFITS (LOSSES) IN MILLIONS

	1981	1980
GENERAL MOTORS	$190	$155
FORD MOTOR CO.	(439.5)	(163.6)
CHRYSLER CORP.	(298.4)	(448.8)
AMERICAN MOTORS	(52.7)	1.3
	($600.6)	($456.1)

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56th year — No. 4861

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Domestic count slips to 21,551

Dealer total down 221 for quarter

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down from 97. On the other hand, GM was off 55 this year, compared with 30 a year ago, and AMC's loss of 17 outlets compared with a gain of 36 in 1980.

In the franchise area, totals held rather steady in the first quarter except for Ford Division and Chevrolet. Ford was off 53, and Chevrolet was down 45.

At Chrysler Corp., franchises were down 17 for the Chrysler marque, seven for Dodge car and three for Plymouth. Imperial was up six.

Lincoln has one less franchise than at the beginning of the year, and Mercury is down 11. Cadillac was unchanged for the first quarter, and there were dips of five for Pontiac and 10 apiece for Buick and Oldsmobile.

AMC had 1,646 domestic-car outlets on April 1, compared with 1,663 at the beginning of this year. AMC's duals with Big Three makes of cars climbed to 729 from 706 on Jan. 1. That's a 10-year high for AMC duals.

Chrysler Corp. opened April with 3,772 car locations, a decline of 51 from Jan. 1. As noted, Chrysler showed a big improvement over the first quarter of 1980 when it lost 152 spots.

Franchise totals for April 1 were: Chrysler, 2,651; Plymouth, 2,479, Dodge car, 2,344, and Imperial, 417.

Chrysler Corp. also has 10 dealers that handle only trucks. They are not included in the corporation's car - dealership total or in the Dodge car-franchise total.

Ford Motor's dealership count on April 1 was 5,898, compared with 5,961 at the beginning of January, a drop of 63.

Franchise totals are Ford, 5,017; Mercury, 2,705, and Lincoln, 1,476.

There are 91 dealerships that handle only Ford heavy - duty trucks. They are not included in the company's car-dealership figure or in Ford Division's car-franchise tally.

At GM, the car dealership figure slipped to 11,005 at the beginning of April, down 55 from 11,060 on Jan. 1.

Car franchise totals are: Chevrolet, 5,630; Oldsmobile, 3,240; Pontiac, 3,110; Buick, 2,975, and Cadillac, 1,605.

Looking back a year, the current domestic dealer count of 21,551 is down 1,570 from the 23,121 establishments in operation on April 1, 1980.

The 12-month period has seen declines of 519 for Ford Motor Co., 495 for Chrysler Corp., 390 for General Motors and 91 for American Motors. That's an aggregate drop of 1,495. There are 75 more intercorporate duals than there were a year ago, so the industry's net loss is 1,570 outlets.

FRANCHISE TOTALS

	April 1, 1981	Jan. 1, 1981
AMERICAN MOTORS	1,646	1,663
CHRYSLER CORP.		
Chrysler	2,651	2,668
Dodge	2,344	2,351
Imperial	417	411
Plymouth	2,479	2,482
FORD MOTOR CO.		
Ford	5,017	5,070
Lincoln	1,476	1,477
Mercury	2,705	2,716
GENERAL MOTORS		
Buick	2,975	2,985
Cadillac	1,605	1,605
Chevrolet	5,630	5,675
Oldsmobile	3,240	3,250
Pontiac	3,110	3,115

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But complaints still plague Cadillac engine

Delco stands by V-8-6-4 computer

By Marjorie Sorge

DETROIT. — The Delco Electronics Division of General Motors, sole supplier of the computers for the Cadillac V-8-6-4 engine, is standing behind its product, although some dealers and consumers consider it unreliable and a possible safety hazard.

In last week's AUTOMOTIVE NEWS, numerous consumers interviewed said the car can die on the road without warning. Others said it slows down as if to stall and then jerks forward unexpectedly, while others reported engine fires. A common complaint was the engine light, which consumers say comes on often and then blinks off.

Many dealers questioned said there were some problems at the beginning of the model year but those had been fixed, others called the car a "joke" and still others while indicating they had problems would not make any official comment.

There is currently a class-action lawsuit pending in New Jersey charging that the device is "experimental" and a safety hazard. Adrian I. Karp, originator of the suit, said he has had many calls from customers who want to be part of the action.

The V-8-6-4 and the digital fuel injection, both in the 1981 Cadillacs, are run by a computer and are interrelated, a Cadillac spokesman said. Parts of the DFI are made by the Rochester Products Division of GM.

A spokesman for that division referred any inquiries back to Cadillac, and Cadillac said an engineer could not be questioned about the DFI because of the pending litigation.

Mike Pung, Pung Motors Sales, Alma, Mich., said the two systems, the V-8-6-4 and the DFI offer two separate problems. He said the V-8-6-4 gives a rough ride and passengers can feel the changing modes. He said the stopping may be due to the DFI.

He said the problem began about two years ago. In 1979, GM brought the DFI production in-house, according to a company official.

• The computer which controls the system is one item in question by dealers and consumers. Many say it is too sophisticated for the car and others say dealership mechanics have trouble fixing it.

R. J. McMillin, director of engineering for Delco Electronics, said the computer improves the driveability of the cars and "it's funny people don't notice the improvement." He said Delco has had good success with the computer introduced in 1979.

He compared the computer to having a "spare can of gas in the trunk" because of its fail-safe capabilities. He said the system can change into a backup mode if something fails on the car. Those problems would be indicated by the check-engine light, which he said will remain on even if the computer has switched to the back-up system to correct the failure.

Pung says the light goes off when the computer goes into the back-up mode and he said it doesn't always correct itself and is "too sophisticated for the car."

Some customers also say the check - engine light comes on often. McMillin said the light should be visible only when the engine is started or when there is something wrong with the car.

He suggested that if the warning light comes on, the car should be taken to the dealer.

McMillin said there is a problem at the dealerships because many times the mechanic doesn't have enough training to work with the computer. GM

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LN7s on their way

The first Mercury LN7 sport coupes in Los Angeles were driven to home cities by 35 L-M dealers. Ready to leave the point of departure — the Disneyland Hotel, Anaheim — are, from left: Jan Silletto, University Lincoln-Mercury, West Covina; Bob Rewey, L-M general sales manager; Stan Miller, Western regional sales manager, and Dennis Clements, Los Angeles assistant district sales manager.

News roundup

Boniface succeeds Dial at Ford

PARIS.—Victor Dial, former president of Ford of France who defected to Peugeot in March, has been named commercial director for Europe and North America. A former General Motors executive, Rudolph H. Boniface, who has been with Ford since June, 1978, takes over as head of Ford of France. Boniface is a graduate engineer from Syracuse University. He worked for GM in France, Portugal, Brazil, Germany and Italy for seven years before going to Ford.

Record sales seen for South Africa

JOHANNESBURG, South Africa.—A survey of the South African auto industry conducted by Sigma Motor Corp., predicts that new-car sales this year will reach a record 288,000. Sigma, one of the nation's top two auto producers, warned in its survey that the local market has more models and manufacturers than it can support.

Auto trade deficit rises in Canada

TORONTO.—Canada's auto trade deficit for the first two months of the year rose to $493.1 million from $344.9 million in the year-earlier period, according to preliminary figures compiled by Statistics Canada. It said the main reason for the increased deficit was a sharp decline in the number of completed vehicles shipped to the U. S. Ford Motor Co.'s plant in Oakville was closed for much of this period in preparation for production of the EXP and LN7.

VWoA opens Atlanta HQ

ENGLEWOOD CLIFFS, N. J.—Volkswagen of America held a grand opening of its new Atlanta headquarters for its Volkswagen Atlanta Region and its Porsche Audi Southern Region. The 19,850-square-foot, two-story building will feature a training center for dealership service personnel.

Guardian wins glass-plant suit

NORTHVILLE, Mich. — Guardian Industries Corp. said that its Luxembourg subsidiary has won from the Luxembourg Court a dismissal of a suit by Pilkington Brothers, Ltd., of England. Guardian is the majority owner of Luxguard, S.A., which is building a float-glass plant in Luxembourg. Pilkington had sought to enjoin completion of the Luxguard plant. Production is expected to begin in the fourth quarter, supplying glass to the automotive and construction industries in Western Europe.

Hinrichs named to Mercedes board

STUTTGART, West Germany. — Hans J. Hinrichs has been elected a deputy member of the board of management of Daimler-Benz AG, effective July 1. Hinrichs, 48, is vice president for passenger-car sales and marketing for Mercedes-Benz of North America, with headquarters in Montvale, N. J. Hinrich's primary responsibilities with Daimler-Benz will also be in the areas of sales and marketing. Heinz C. Hoppe, the member of the management board in charge of these areas, will become 65 next February.

Virginia probes Mid-Atlantic Toyota

WASHINGTON.—The State of Virginia has joined the list of those investigating Mid-Atlantic Toyota Distributors, Inc., Glen Burnie, Md. Its president, Frederick R. Weisman, and his port-handling agent, Carecraft Industries, Ltd., and approximately 102 Mid-Atlantic Toyota dealers for allegedly coercing customers to buy "protection package" add-ons for their new cars. Maryland, Delaware, Pennsylvania, West Virginia and Washington, D.C., have already filed suit against the parties, who maintain they have done nothing wrong and that the protection package was like any other option.

GM honors Hamill for quality

WASHINGTON, Mich. — Hamill Mfg. Co. has been honored by Fisher Body Division of General Motors for the high quality of seat belts manufactured by Hamill during 1980. GM gave Hamill a quality index rating of 140, which qualifies Hamill for GM's "140 Club."

New Chevy deal in Detroit zone

NOVI, Mich.—Construction has begun on Marty Feldman Chevrolet here, which Chevrolet said will be the first completely new dealership in its Detroit zone since 1971. The dealership is scheduled to open this fall. It is headed by Marty Feldman, formerly a partner in James-Martin Chevrolet, Detroit.

MVMA recalls when cars carried 2 spares and 58 tools

15-mile oil changes in good old days

DETROIT. — Americans have had a lifelong love affair with the automobile, and, like most love affairs, the road has often been a rocky one, the Motor Vehicle Manufacturers Assn. reports.

Today's cars are expected to run reliably and efficiently. And they usually do. When they don't, thousands of service outlets across the country are available to put them back in shape.

This was not true in the "good old days" when the infatuation with the motorcar was put to the most rigorous tests. Cars were temperamental and demanded constant attention.

A popular book of the day, Diseases of the Gasoline Automobile and How to Cure Them, sternly admonished would-be owners that the servicing of a horseless carriage was no trifling matter.

"When you buy an automobile, there is formed an unwritten agreement between you and the machine," the book said. "You expect to receive certain benefits from its possession. It, likewise, exacts a penalty from you in direct proportion to your own demands."

This sage advice, designed to bring the love stricken back to earth, was rooted in the harsh reality involved in the care and feeding of the early flivvers.

• The average 1981 car requires an oil change about every 7,500 miles. This is a far cry, noted James W. Wren, manager of the MVMA Patent Library, from 1905 when the Pierce Motorette demanded an oil change every 15 miles.

"Few cars risked more than 200 miles without new oil," he said.

Today's tires give many maintenance-free miles and are designed to last for years. But tires of yesteryear punctured at the slightest provocation.

"Motorists didn't dare venture out without at least two spares and a tire repair kit," Wren said. "When they were stuck without spares, many drivers stuffed the punctured tire with rags."

Gas stations? No such places back then. "Autoists," as they were called, bought fuel in tin drums from retail stores. While funneling it into their tanks, they poured it through chamois or gauze to filter out impurities. Many manufacturers recommended draining the tank and refiltering the gasoline before every trip.

Modern electronic ignition systems start engines instantly at the flick of a key. The hand crank was the common method of persuading engines to kick over in the early cars.

• A stubborn and merciless implement, the crank often kicked backward without warning, causing injury to hapless operators. Broken forearms and jaws were common maladies among misusers of the tool.

"The few dealerships that existed in the pioneer days of automobiling were located mainly in the big cities," Wren said.

"For the buyer who lived in less-populated areas the car was shipped in a crate aboard a freight train and dumped off at a siding. It was left to the ingenuity of the purchaser to unpack it, fuel it and get it home."

One of the "pleasures" of driving was a jaunt in the country. But these could be turned into nightmares. Many early cars had no tops or windshields. Sudden downpours soaked the occupants and turned the country roads into seas of mud.

Even if the weather was clear and sunny, breakdowns were likely to occur. Extra tires had to be stacked on and a tool box secured to the running board. The owner's manual for the 1904 Chadwick Roadster recommended no less than 58 different tools and spare parts to be carried at all times aboard the car, Wren said.

Many a budding romance ended in tears and recriminations because of breakdowns. An advertisement in The Horseless Age, a popular magazine of the day, depicted a comely damsel standing alongside an automobile while her frowning swain stared dejectedly at a punctured tire. The caption read:

Miss Commonsense: "I'll never ride with you again until you use Swinehart Clencher Tires."

Charley Wokeup: "I will forward my wheels to their nearest branch tomorrow."

If these hardships weren't enough, motorists also had to be wary of angry farmers who saw these new-fangled machines as urban invaders intent upon scaring their horses and livestock and ruining their quiet way of life.

Some farmers were devious and greedy. They deliberately flooded roads, causing cars to be mired in the muck. Then they innocently arrived with a team of horses and offered to pull the cars out—for a reasonable fee, of course.

Model breakdown

Auction Averages

	April	March	February
1981	$8,014	$8,432	$7,138
1980	5,872	5,698	5,704
1979	4,807	5,001	4,773
1978	3,748	3,681	3,705
1977	2,866	2,888	2,997
1976	2,144	2,226	2,265
1975	1,605	1,525	1,663
1974	1,358	1,347	1,205
Overall Average	$4,116	$4,076	$4,076

Used car sales

Auction Averages

April	$4,116
Months ago	$3,904
Year ago	$3,178

Portland dealer ordered to pay in block switch

SALEM, Ore.—Punitive damages against a Portland automobile dealership that put a rebuilt instead of a new engine block in a service customer's car have been restored by the Oregon Court of Appeals.

The appellate court restored $5,500 in punitive damages in the Multnomah County Circuit Court case against Mike Salta Pontiac.

The jury awarded Richard Abrams $2,500 in actual damages, $5,500 in punitive damages and $5,000 in lawyer's fees for breach of contract and for violation of the Unlawful Trade Practices Act.

The Circuit Court had struck the punitive damages award but the Court of Appeals, in an opinion by Judge William Richardson, restored them.

The appellate court said the plaintiff had gone to the automobile dealer in May, 1978, to have a new engine placed in his 1972 Pontiac Grand Prix. He was told new engines were not available. The court said he therefore asked Salta employes to install a new short block. The court said Abrams specifically said he did not want a rebuilt block.

The court said a rebuilt engine block was installed, apparently without the knowledge of the employe who wrote out the order and without telling Abrams. The court said Abrams had "immediate and continuing problems" with the car.

For high-altitude standards in 1982, '83

EPA approves self-certification

WASHINGTON. — Auto makers have been given the OK by the EPA to self-certify that their vehicles meet 1982 and 1983 high-altitude emission requirements and to sell such vehicles without prior EPA approval.

The change in procedures, made in "response to unanticipated delays some manufacturers are experiencing," is part of the Administration's effort to reduce the testing and regulatory burden on the auto companies.

Previously, EPA had sought to ease the time burden by exempting certain proportions of manufacturers' light-truck fleets from the high-altitude emission requirements. Low-performance vehicles that would not be sold in high altitude areas also got exemptions.

While eliminating these vehicles from the test requirements helped, delays are still occurring, EPA said. It decided that allowing makers to self-certify would be prudent.

The agency said it will reevaluate the whole of its high-altitude compliance testing regimen as part of its development of 1984 high-altitude regulations.

These are supposed to require that all cars meet the low-altitude emission standards at high altitudes, but the EPA has said it wants this changed because of the expense and questionable practicality.

Moss resigns from White; finance man Askins at helm

Continued from Page 10

F. Seminatore, a Cleveland attorney whom the bankruptcy court in Cleveland named examiner to oversee White's reorganization plans.

Seminatore said he was "pleased with (the directors') decision," and that he would withdraw his request for appointment of a trustee. "Sometimes a new face is the best medicine for a company attempting to come out of Chapter 11," he said.

• In explaining the reason for his resignation, Moss said he felt that appointment of a trustee would impede progress in White's negotiations for a merger or some other arrangements.

Moss declined to name firms with which White has been negotiating, but one of them is Volvo of Sweden.

Volvo trucks have been distributed in the U. S. by Freightliner Corp., and this tieup is expected to end when and if Daimler-Benz of West Germany completes plans to buy Freightliner from the latter's parent firm, Consolidated Freightways.

White also had been talking with Daimler-Benz, but talks were discontinued — although not terminated—when Daimler-Benz and Consolidated Freightways announced an agreement in principle for the sale of Freightliner.

Consolidated Freightways had been discussing a deal with White prior to the announcement of the agreement with Daimler-Benz.

Sales, income at peak for Subaru of America

PENNSAUKEN, N. J. — Subaru of America reported record sales and net income for the first fiscal quarter ended Jan. 31, 1981.

Sales for the quarter were $222.3 million, an increase of 17 percent over $190.1 million in the first quarter of the prior fiscal year. Net income was $5,908,000 (98 cents per share), up 64 percent from $3,596,000 (60 cents per share) in the 1980 period.

Mazda Wins
at Riverside—April 26

Manufacturers' points now stand at:

Mazda	73
American Motors	55
Buick	18
BMW	5
Chevrolet	4
Oldsmobile	2

Upcoming races:
May 25—Lime Rock, CT
May 31—Lexington, OH

Champion Spark Plug Challenge

IMSA CHAMPION

Champion Spark Plug Company • Toledo, OH 43661

Lunn and Sehn to speak at Automotive News seminar

4WD, robots World Congress topics

Future of four-wheel drive in the U. S. market will be the topic of Roy Lunn, vice president, product engineering for American Motors, and Francis J. Sehn, chairman of Robogate Systems, Inc., and Robogate Machine Tool Group, Detroit, will talk about the use of robots in the automotive industry at the sixth annual Automotive News World Congress to be held at the Hyatt Regency Hotel, Dearborn, July 19-22.

Roy Lunn

Francis J. Sehn

Automotive News World Congress opening night speakers are Donald E. Petersen, president and chief operating officer, Ford Motor Co., and William M. Agee, chairman of Bendix Corp.

Lunn, 46, who was born and educated in England, studied engineering at Kingston College, Leeds and Birmingham universities. He graduated with degrees in mechanical and aeronautical engineering.

Lunn began his automotive career in 1946 after serving in the Royal Air Force. His creative talents in design credited him for the DB2 sports car at Aston Martin and for the Jupiter series at Jowett Car Co.

In 1954, Lunn joined Ford of England and established the Birmingham car research facility where he directed the development of the 105E Anglia. In 1958, Lunn moved to the U.S. and joined Ford Motor Co. in Dearborn, where eventually he was responsible for design and development of various vehicles including the 12M Taunus, Mustang I, the Super Highway Truck and others.

In 1963, Lunn helped create the Ford GT series of vehicles which won world championships at LeMans, Sebring, and later developed the MK11 sports car and the Presidential Limousine.

In 1971, Lunn moved to American Motors where he has been partly responsible for development of Jeep vehicles and the Eagle series of 4WD automobiles.

• Sehn's career in the automobile industry began in tool and die work with Fisher Body Division of General Motors. During World War II, Sehn was chief die engineer at Fisher Tank Division.

Subsequently, he joined E. W. Bliss Co. and then founded Press Automation Systems, Inc., and Coilfeed Systems, Inc. Later, the two merged into U. S. Industries, P.A.S. Artco Stamping and Body Assembly Group where he served as group executive.

Since 1971, Sehn has been chairman of Robogate Systems, Inc. and Robogate Machine Tool Group, Detroit, chairman of Di-Dro Systems, Inc., and chief executive of Fran Sehn Co., an international consulting service, Bloomfield Hills, Mich.

Sehn serves on various international professional, educational and institutional boards. He was honored by the Society of Manufacturing Engineers in 1975 for development of the society's Die Design Handbook.

The Automotive News World Congress will present 34 speakers in a four-day symposium. Registration includes a comprehensive workbook, three dinners, two lunches and three scheduled cocktail receptions. Turn to pages. 48-49, in this issue for detailed information on the Automotive News World Congress.

The registration fee is $425. In the event a registrant's plans change, the name of another individual can be substituted at any time prior to the World Congress. There is a service charge for complete cancellation. All cancellations must be submitted in writing.

Information about the Automotive News World Congress can be obtained by contacting Cynthia Radom, director of special projects, 965 E. Jefferson Ave., Detroit, Mich. 48207. To register by phone, call collect (313) 567-9520.

Automotive News World Congress
July 19-22, 1981, Hyatt Regency Hotel, Dearborn

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AN '81

Professor sees imports as most threatening to recovery

U. S. auto's home at depression low

LANSING, Mich. — A cyclical drop in auto sales, import-car competition and inflation have combined to plunge Michigan into the most severe economic depression in 40 years, according to the University of Michigan Finance Department chairman.

"Even for those who can recall the miseries of the 1930s, this is a new experience, for the 1930s represented a depression which extended over the length and breadth of the U. S.," Thomas G. Gies told the Michigan Chapter of the American Assn. of University Professors here.

"But today's depression, the most severe in the modern history of Michigan, is largely a regional affair, concentrated heavily in this state and in four sister states—Ohio, Indiana, Illinois and Pennsylvania. Traveling through the rest of the nation, it is difficult to find evidence of serious recession."

The regional depression, according to Gies, "represents a combination of three forces, independent of each other, but running concurrently."

"The first," he said, "is the most prolonged, extensive inflation in the history of the U. S. The second is the intrusion of an extremely vigorous foreign competitor for what we have long regarded as our local monopoly — the U. S. automobile market. The third is a cyclical drop in the demand for automobiles.

• "The cyclical recession problem is the least of the three, although at the moment it appears to be the most serious," Gies continued. "Without diminishing the problem of periodic unemployment, the majority of automobile industry forecasts anticipate that automobile sales will rebound from the depressed 1980 level around 9 million units.

"The current year is expected to be substantially higher — around 9.9 million units—and, further, it is expected that sales will return to 11.5 to 12 million annual rates by mid-1982, one year from now. "So much for cyclical declines; they are followed by cyclical recovery in the normal course of events.

"The second problem, new aggressive foreign competitors, is something else," Gies said. "If foreign-car penetration continues to enlarge, or even remain stable at present levels, Michigan has a serious problem.

"Here is the way it shapes up: For 1982-83, with 73 percent of an 11.5-million-car market, we will sell less than 8.5 million automobiles. By comparison, we sold more than 9 million domestic cars in 1977-78, our best recent model year.

"Combine this statistic with the nearly certain probability that there will be a decrease in labor per unit of car in coming years, and it is clear that employment in autos is not going to return to the levels of three to four years ago. Those jobs are gone," he said.

5 district offices for Ford Division, FPSD to close

DEARBORN. — Ford Motor Co. plans to close five district offices housing both Ford Division sales and Ford Parts and Service Division (FPSD) parts/service representatives.

The district offices are those located in Davenport, Ia.; Lansing; New York; Richmond, Va., and Salt Lake City. Earlier, Ford announced the closing of the parts distribution center in Cleveland.

Ford Division said its Richmond district sales office will be absorbed by Washington, Charlotte and Cincinnati, while the New York office will merge with Newark. Absorption plans for the others have not been finalized.

FPSD said the Davenport office will be absorbed by those in Chicago, St. Louis and Omaha; Salt Lake City by Denver; Lansing by Cleveland and Detroit; Richmond by Washington and Charlotte, N. C.; and New York by Philadelphia, Boston and Newark.

The closings, according to a Ford spokesman, affects 170 positions, including 24 at the Cleveland parts center. Some of these positions will be transferred to other district offices.

Toyota leads with $30 million for 1980

Spot TV advertising rises for autos

By Joseph Bohn
Marketing Editor

Spot TV advertising among auto companies was up in 1980, with importers dominating this form of the medium.

While many industry observers have felt that imports were shifting away from spot into network TV as their market and volume have grown, the opposite is actually true.

Importers increased their spot expenditures during 1980 as a portion of their TV ad budgets and reduced reliance on network.

Toyota took a quantum leap in 1980, increasing spot TV advertising by 55.3 percent to $30,364,400.

Ford Motor was the second heaviest spot user, with expenditures of $28,146,500, up 19.8 percent.

General Motors' spot advertising declined 25.8 percent to $16,877,400.

With increased activity at Chevrolet this year, however, GM is expected to show a gain for 1981. Chevrolet has had special truck marketing programs in Florida and Texas.

It reduced its list of top markets for spot truck advertising to about 30 or 40 last year, pulling back to concentrate only on markets where it felt it had the greatest potential.

Other GM divisions, like Oldsmobile and Cadillac, have been fairly consistent, if not overly heavy, users of the medium.

• Dodge dealer association advertising, which doesn't show up in the report on the major automotive spot advertisers is expected to increase sharply this year.

Dodge began a heavy dealer association effort on cars in the 21 DDAs in April. It runs for six weeks and is reportedly about 80 percent TV.

Among dealer groups, only Ford and Toyota associations made it into the top nine automotive users. Ford dealer groups spent about $6,865,800, up 4.8 percent; Toyota dealers about $6,580,900, up 3.0 percent.

Last year, many car dealer groups reduced their advertising after facing high money costs and low sales.

The spot advertising numbers are compiled by Broadcast Advertiser Reports (BAR) for 75 markets which it monitors on a monthly basis.

BAR adjusted its figures for 1979 and 1980 and has gone to a different system whereby it more closely approximates the level of dollars reported by the Federal Communications Commission.

BAR has had problems in previous years trying to differentiate between advertising run by dealers, dealer associations and the car divisions, sometimes confusing them in its reports.

It is seeking greater accuracy with the revised numbers and new procedure.

VW veteran

Robert Holbert, right, dealer at Holbert's Volkswagen, Warrington, Pa., receives an award in recognition of his 25 years as a VW dealer from Thomas Dietzlen, Valley Forge regional manager.

Spot TV expenditures by top auto advertisers

	1980	1979	Pct. of change
Toyota Motor	$30,364,400	$19,551,800	+55.3
Ford Motor	28,146,500	23,501,200	+19.8
General Motors	16,877,400	22,738,300	−25.8
American Motors	13,908,000	13,333,000	+4.31
Nissan Motor	13,840,500	9,277,300	+49.2
Volkswagenwerk A. G.	11,673,600	7,180,000	+62.6
Chrysler Corp.	10,405,800	10,410,700	− 5.3
Ford Auto Dealers Assn.	6,865,800	6,549,100	+ 4.8
Toyota Auto Dealers Assn.	6,580,900	6,388,600	+ 3.0

Note: These groups made it into the list of the top 100 spot TV advertisers nationally.

Data is based on Broadcast Advertiser Reports. The spot TV figures for 1979 and 1980 were adjusted by BAR to closely approximate the level of Federal Communications Commission spot dollars for the 75 monitored BAR markets. They are not comparable to previously published data and reflect the new method to be used in the future.

EXP for briefing and driving

Dealers from Washington, Oregon and Idaho, numbering more than 100, gathered for an orientation session on Ford's new EXP. Participants had hoped to form an impressive 105-EXP caravan as they left the center, but rain and staggered departure times thwarted their plan.

Volvo to study building complete buses in U. S.

GOTHENBURG, Sweden. — America's interest in European bus design and construction has reached Volvo, which is responding by undertaking a major study aimed at building complete buses in the U. S.

The study group will be headed by 58-year-old Rolf Soderhielm, who engineered the explosive rise in production as chief of the Bus Division since 1973. He leaves this post to set up a new office in the U. S. on July 1, at his own request, which emphasizes the importance he attaches to this market.

He will make recommendations to the board and prepare detailed plans for both production and marketing. Soderhielm has been with Volvo since 1944.

The new boss of the Bus Division is Stig Arne Olson, who is currently serving as managing director of Volvo Trucks (GB), Ltd. in the UK. Olson is 52, a graduate engineer with long experience in Swedish industries. After an early start with Volvo, he left to work for Forss-Parator AB, and returned to Volvo in 1975 to take charge of truck and bus production at Irvine in Scotland, a plant that makes special models for the British market (8-wheel trucks, double-decker buses).

Volvo sold 600 buses in Sweden in 1980, 850 in the other Scandinavian countries, and 1,005 in the rest of Europe. Other markets accounted for 1980's remaining 1,500 units, with the most important increases coming in Brazil, Singapore and Pakistan.

IRS loses on investment tax credit issue

Tax court decision favors leasing

By Francis J. Gawronski

The automotive leasing industry received some encouraging news when the U. S. Tax Court in San Francisco ruled in favor of Swift Leasing Co., a subsidiary of Swift Dodge, Sacramento, in the case where the lessor appealed a decision by an Internal Revenue Service (IRS) examiner involving the lease vs. conditional sales issue.

The issue for decision in the Swift Leasing case was whether, for the calendar years involved in the IRS audit, the lessor is entitled to the investment tax credit with respect to vehicles acquired by the lessor for use by other persons pursuant to the terms of an agreement entitled "Lease Agreement."

In its argument, Swift Leasing contended the lease was valid and cited several tax case decisions as precedent.

The court ruled that Swift Leasing "retained sufficient investment and ownership benefits and burdens to resolve the issue in its favor"—namely that the transaction was a lease and not a sale.

In a newsletter to its members, the American Automotive Leasing Assn. (AALA), Milwaukee, noted that several of its members have been examined by the IRS, and further action in their cases has been held up until the decision in the Swift Leasing case was filed.

AALA also cautioned the industry to treat the information on the Swift Leasing case with discretion "because there is no way at this time that anybody can predict the plans of the government in relation to any appeal effort that may be mounted."

The Swift Leasing decision is important to the leasing industry. Many leasing companies have set aside thousands of dollars to cover back taxes in the event the IRS eventually wins the case.

AALA said the tax court, in its decision, made some "very telling arguments, which explain the leasing business quite well," particularly the type of leasing business engaged in by AALA members. The association cited the following excerpts to prove the point:

"In considering the economic substance of the transactions in dispute, we are of the opinion that petitioner was in fact a lessor and that the users were lessees.

"Petitioner's leasing operations were encouraged by the economic realities of business. By transacting business through lease arrangements, petitioner was able to make larger profits in the years in issue than if it had operated solely as a sales business.

"Reasons for this profit structure included payments made to petitioner by Chrysler Corp. under a lease incentive program, the profit structure built into the 'Lease Agreements,' and the ability to make profitable sales on the cars formerly covered under the 'Lease Agreements.'

"On the basis of this record we conclude that the petitioner retained risks and responsibilities commensurate with the status of a lessor. Petitioner was responsible for the monthly repayments on its loans from the banks regardless of whether vehicle users timely paid petitioner or whether the users defaulted.

• "In the years in issue petitioner maintained contingent bodily injury and property damage insurance with respect to the leased vehicles, and during the last three months of 1975 it also maintained contingent physical damage insurance. Petitioner would not have purchased this insurance had it not had an interest in the vehicles.

"Petitioner assumed the risks attributable to default by users, namely non-recovery of the owed monies in the event of insolvency of the lessee, and, in addition the risk of a negative cash flow in default occurred within the first half of the lease. Petitioner also assumed the risk of [illegible] at termination of the lease a vehicle not subject to resale at the previously anticipated retail price."

The court also said that, as in the cases cited by Swift Leasing, the petitioner's bookkeeping procedure "supports our determination."

"Petitioner's separate records for the sales and Swift Leasing Co. divisions, method of paying its personnel, and detailed separate records on each of the leased cars indicates that the leasing operations of Swift Leasing Co. had economic substance," court said.

"Finally, in making this determination we also have noted such factors as: The reasonableness of the monthly rental payments in light of the market and the type of property leased, the lease provision that no title passed to the lessee, the lease provision allowing petitioner to assign to third parties the right to receive rents from the leased vehicles, and the fact that in 29 instances the terms of the original lease were extended.

"The contract provisions utilized by petitioner were an attempt to minimize its business risks. While some of the ownership burdens were shifted to the vehicle users, this shift does not raise the presumption of a sales instead of a lease," the court said.

The court said it was of the "opinion that the petitioner retained sufficient investment and ownership benefits and burdens to resolve the issue in its favor."

Court tosses out efforts to ease, tighten them

Bids to alter diesel rules fail

Continued from Page 2

granted in the case of General Motors, Mercedes-Benz, Volkswagen of America, Peugeot and Volvo, the NRDC said. It argued that their diesel technology cannot meet two of the statutory criteria for the waiver: "The public health standard and the air quality benefit standard."

The court decided with EPA, however. It ruled "the NOx waiver was not intended as an opportunity to decide the ultimate fate of diesel technology, but rather meant to offer temporary encouragement to further development of diesels, so long as the public interest would not be unduly endangered."

In deciding to grant NOx waivers to the diesel makers, the EPA balanced less NOx control for more particulate control (at the present state of development exhaust gas recirculation, necessary for NOx control, tends to increase diesel particulate emissions).

Given that the NRDC itself has stressed the respiratory and carcinogenic dangers of particulates, "We cannot say that the EPA was arbitrary in concluding that the benefits of reducing particulate levels outweighed the dangers of slightly increased NOx levels," the court said.

GM, Mercedes-Benz, VWoA and Peugeot had argued before the court that EPA's particulate standard for 1985 was unreasonable, since the necessary trap-oxidizer technology had not been developed. As a result, the makers said, "Any particulate standard which contemplates use of a regenerative trap-oxidizer must be judged premature [illegible] not technologically feasible."

But the court rejected [illegible] argument, too, noting that "EPA is not obliged to provide detailed solutions to every engineering problem posed in the perfection of the trap-oxidizer and that it need only identify the major steps necessary for development of the device, and give plausible reasons for its belief that the industry will be able to solve those problems in the time remaining before 1985."

EPA has done that, Judge Abner Mikva said in writing for the majority of the three-judge panel.

Circuit Judge Roger Robb, in dissent, said "EPA's exhortations to the manufacturers, and its vaguely articulated faith that a design can be optimized to control particulate emissions soon, do not amount to plausible reasons for believing that each of the necessary steps can be completed in the time available.

"Pious hope and speculation cannot take the place of evidence," he said.

Ironically, the decision by the Appellate Court may become a moot point, since the Reagan Administration wants to take another look at diesel particulate standards.

Chrysler drops $298 million in first quarter

Continued from Page 3

rent liabilities ratio at March 31 pulled very close to even, at 0.99 to one compared with 0.94 to one at Dec. 31 and a devastating 0.83 to one at the height of the company's liquidity crisis last March 31.

The auto maker's working capital actually increased in the period by $142.9 million due to the receipt of federally guaranteed loans and smaller operational losses. In the first quarter last year, working capital decreased by $464.5 million.

Chrysler's statement of operations listed depreciation of plant and equipment at $60 million in the first quarter compared with $52.8 million last year. It listed amortization of special tools at $44.4 million compared with $65.6 million last year.

Creech marks 25

Edison D. Creech, right, president of Creech Chevrolet-Oldsmobile, Inc., Cumberland, Ky., celebrates his silver anniversary as an Oldsmobile dealer and accepts a plaque from Chuck Fisher, Cincinnati zone manager.

Rohrer Chevy closes doors after 52 years

CAMDEN, N. J. — Rohrer Chevrolet, new car dealership which has been an institution on the city's Admiral Boulevard for 52 years and the first Chevrolet dealership in the Camden area, went out of business on April 24.

William G. Rohrer, owner, told his 68 employees that the dealership was a victim of the decline in the automobile business and of Camden's urban problems.

Operation of the dealership was turned over to a general manager years ago. Mr. Rohrer said the decision to close was made because a buyer for the dealership, which had been up for sale for more than a year, could not be found. Rohrer Chevrolet has also been regional distributor for Chevrolet parts, a function which will have to be turned over to another dealership in the area.

Rohrer's father, William G. Rohrer Sr., founded the dealership in 1929 and operated it until his death in 1935. His son took it over then and operated it until he became president of the First Peoples National Bank of New Jersey. Rohrer also is the mayor of Haddon Township and, in addition to the dealership, heads a variety of business enterprises.

GM appoints two

DETROIT.—The General Motors Manufacturing Staff, has named William J. O'Keefe director of real estate, facilities development and dealer identification leasing. George G. Fox, was appointed manager of real estate.

U. S. makers schedule 163,050 cars

Week's output is 14-month high

By Patricia Hoffman
Staff Writer

U. S. auto production last week reached its highest point in over a year, and output for the week rose considerably above the comparable 1980 week. Last year, there was downtime at seven Ford and two General Motors assembly plants.

Production last week was slated at 163,050, up 1.90 percent from the 160,006 units assembled in the previous week and up 29.07 percent from 126,331 completed in the comparable 1980 week. Output was also the most for any week since the 164,799 units built in the week ended Feb. 23, 1980.

So far this year, the auto makers have completed 2,254,906 units, down 6.87 percent from 2,421,162 assembled in the comparable period last year.

Breakdown for the week by company is: General Motors, 63.39 percent; Ford, 21.24 percent; Chrysler, 11.41 percent; Volkswagen of America, 2.55 percent, and American Motors, 1.41 percent.

Checker Motors, down since April 6, will resume operations today (May 4).

Last Friday, (May 1) production of the 1981 Dodge Diplomat, Chrysler LeBaron and Plymouth Caravelle ended at the Chrysler St. Louis assembly plant for changeover into the 1982 model front-wheel-drive Chrysler and Dodge Super K-cars. The plant is scheduled to resume operations at the end of August.

Overtime was scheduled last week at 11 assembly plants.

Ford's Kansas City point worked 10 additional hours for the week on each of two shifts, and assembly at the Ford Atlanta point was increased to 10 additional hours on one shift.

Also working overtime last week at Ford were Wayne, Metuchen, Louisville and Wixom.

Chrysler slated overtime last week at its Newark and Belvidere assembly plants, which operated on daily nine-hour schedules. Both plants will remain on overtime schedules this week.

General Motors slated Saturday overtime last week at its Pontiac, Lakewood and Willow Run points.

This week, overtime is slated at Chrysler's Jefferson assembly plant. The point will work two daily-nine-hour shifts.

AMC pins financial hopes on new front-drive '83s

By Edward Lapham
Financial Editor

DETROIT.—American Motors new line of '83 front-drive models developed in conjunction with Renault will allow AMC to capitalize on the coming auto market rebound, Chairman Gerald C. Meyers told shareholders at the 65th annual meeting held here last week.

At a press conference following the 79-minute annual meeting, Meyers told reporters the company is on an uphill track, but that losses should subside over the next two years, allowing "sustained profitability" in 1983.

Meyers told the sparsely-attended annual meeting that he prefers to emphasize the present, not the past or the future. He said the 10 percent price rollback has been a "great success" in boosting floor traffic and sales.

However, Meyers and W. Paul Tippett Jr., president, broadly hinted the company may be forced to raise prices in the near future, perhaps as soon as the May 15 termination date of the price rollback.

Meyers said "the time has come" for reopening the AMC-UAW contract. He said he believes that paid personal holidays, upcapped cost-of-living adjustments and "maybe COLA itself" are likely areas of negotiation. Even levels of supplemental unemployment benefits and the annual improvement factor are not sacrosanct, he indicated.

Meyers said the company has not contacted the union but said he thinks "it's got to happen" before the next regular contract talks. AMC will "have an open mind" about what its concessions might have to be, he said.

• On the subject of the new family of front-drive cars, Tippett said it will obviously be "an American car of Renault parentage." He said it will be a version of a world car. The French version will be built in the plant currently building the Renault R-14, although Tippett stopped short of confirming it is the replacement for the venerable R-14.

Meyers, who seems more relaxed with each successive annual meeting he chairs, had very few difficult questions posed to him by the 200 shareholders who attended the meeting.

All of the directors nominated by management were elected, and Touche Ross & Co. was ratified as independent auditor.

The shareholder proposal made by Harry Korba, which would have required cumulative voting for members of the board of directors, was defeated. It received 3.48 percent of the votes cast. The shareholder proposal submitted by Evelyn Y. Davis, which would have required disclosure of additional information about legal fees and outside law firms retained by the corporation, also was defeated.

TRUCK PRODUCTION IN U. S.†

	Week Ended May 2, 1981	Week Ended May 3, 1980	Week Ended April 25, 1981	April Est.	Jan. 1 to May 3, 1980	Jan. 1 to May 2, 1981
CHEVROLET	8,164	7,965	5,392	46,408	206,227	197,278
DODGE/PLYMOUTH	2,500	3,700	2,792	9,771	50,838	28,691
FORD	15,086	17,336	15,424	61,566	240,320	212,660
GMC	2,823	5,012	1,433	12,769	62,902	67,120
INTERNATIONAL	600	564	1,688	6,256	1,890	25,697
VOLKSWAGEN	1,040	625	1,013	4,349	9,875	16,165
MACK	.....	600	.....	.....	9,940	.....
JEEP	2,000*	1,680*	2,000*	8,220*	29,540*	30,986
AMC CORP.	90*	284*	90*	373*	3,531*	1,445*
WHITE	.....	138	.....	.....	2,753	.....
MISCELLANEOUS	1,400*	900*	1,400*	5,940*	15,060*	20,000*
Total Trucks, U. S.	33,703	38,804	31,232	155,652	632,876	600,042

CANADIAN TRUCK PRODUCTION

	Week Ended May 2, 1981	Week Ended May 3, 1980	Week Ended April 25, 1981	April Est.	Jan. 1 to May 3, 1980	Jan. 1 to May 2, 1981
CHRYSLER CORP.	1,992	1,040	1,912	7,819	13,288	23,632
FORD MOTOR	3,360	3,024	4,049	14,818	68,850	58,842
GENERAL MOTORS	6,532	6,058	6,499	24,167	101,224	105,182
AMERICAN MOTORS	.....	.....	.....	.....	9,377	.....
INTERNATIONAL	234	440	246	1,026	4,636	4,263
MACK	.....	60	.....	.....	994	.....
WHITE	.....	65	.....	.....	1,116	.....
Total Trucks, Canada	12,118	10,607	12,706	47,830	199,485	191,919
N. American Trucks	45,821	49,491	43,938	203,482	832,361	791,961

†—Now includes window van production. *—Estimated.
Jeep includes commercial vehicles only. AM General includes government-destined vehicles.

Truck production rises for week to 33,703 units

U. S. truck production last week fared better than the previous week, but output fell below that of the comparable 1980 week.

Last week, truck production was slated at 33,703 units, up 7.91 percent from 31,232 completed in the previous week, but down 13.15 percent from 38,804 built in the comparable week last year.

Year-to-date, the truck makers have completed 600,042 units, a drop of 5.19 percent from the 632,876 trucks assembled in the comparable 1980 period.

Downtime was slated last week at General Motors Flint point (Line Two) and at GMAD's St. Louis truck point and Lordstown van plant.

Also down last week was International Harvester's Springfield truck plant.

Overtime was slated last week at Chrysler's Warren truck assembly point. The plant will remain on overtime this week (May 4).

Ford scheduled overtime last week at it's Lorain and Kentucky truck plants.

Canadian output drops for week but tops 1980

Canadian auto production last week rose above the comparable 1980 week's level, but the total fell below the previous week's output.

Last week, the auto makers slated production at 22,301 units, a drop of 2.75 percent from the 22,932 cars assembled in the previous week, but up 32.37 percent from the 16,847 completed in the comparable week last year.

So far this year, the auto makers have completed 281,562 units, down 8.71 percent from 308,431 assembled in the comparable 1980 period.

Canadian truck production last week also showed a drop from the previous week's level.

Truck output for the week was 12,118 units, down 4.63 percent from 12,706, but up 13.39 percent from 10,687 trucks assembled in the comparable 1980 week.

Year-to-date, the truck makers have completed 191,919 units, down 3.79 percent from 199,485 built in the comparable 1980 level.

U. S. CAR PRODUCTION

	Week Ended May 2, 1981	Week Ended May 3, 1980	Week Ended April 25, 1981	April Est.	Jan. 1 to May 3, 1980	Jan. 1 to May 2, 1981
AMERICAN MOTORS	2,300*	2,978*	2,300*	9,920*	65,046*	35,154*
AMX	.....	.....	.....	.....	.....	.....
Spirit	.....	.....	.....	.....	.....	.....
Concord	.....	.....	.....	.....	.....	.....
Eagle	.....	.....	.....	.....	.....	.....
Pacer	.....	.....	.....	.....	.....	.....
CHRYSLER CORP.	18,600	16,250	21,754	83,255	225,389	279,303
Plymouth Total	9,600	6,650	10,913	41,514	103,272	138,774
Horizon	3,800	3,200	4,608	17,463	56,175	52,472
Reliant	5,600	.....	6,019	22,517	.....	76,628
Volare	.....	2,800	.....	.....	37,475	.....
Caravelle	200	300	286	968	1,732	2,226
Gran Fury	.....	350	.....	566	7,890	7,448
Chrysler Total	1,200	2,900	1,595	6,228	29,284	21,941
LeBaron	1,200	2,100	1,595	6,083	21,688	17,079
Chrysler	.....	800	.....	145	7,596	4,862
Dodge Total	7,800	6,700	9,246	35,513	92,833	118,588
Omni	2,700	2,900	3,150	12,450	50,268	39,429
Aspen	.....	2,000	.....	.....	26,429	.....
Aries	4,400	.....	5,075	18,797	.....	62,488
Diplomat	700	1,400	1,021	3,930	9,708	12,989
St. Regis	.....	400	.....	336	6,428	3,682
FORD MOTOR	34,626	20,360	34,563	141,681	481,665	474,101
Ford Division	23,916	15,779	23,939	98,050	350,233	329,020
Escort	6,478	.....	6,841	29,034	.....	131,710
Pinto	.....	3,387	.....	.....	35,366	.....
Fairmont	5,597	6,417	5,722	22,892	97,069	67,102
Must./Must. II	4,476	5,975	4,382	17,454	96,859	50,447
Granada	2,899	.....	2,913	11,608	26,284	27,134
Thunderbird	2,371	.....	2,351	9,524	58,317	23,726
Ford	2,095	.....	1,730	7,538	36,338	28,901
L-M Division	10,710	4,581	10,624	43,631	131,432	145,081
Mercury Total	8,865	4,581	8,984	36,635	118,288	123,989
Bobcat	.....	628	.....	.....	7,494	.....
Lynx	2,336	.....	2,499	10,777	.....	45,572
Capri	1,533	1,726	1,508	5,662	28,130	15,285
Zephyr	1,428	2,227	1,324	5,595	32,238	18,224
Cougar/Monarch	1,428	.....	1,449	5,404	7,793	12,919
XR-7	845	.....	889	3,626	20,978	9,672
Mercury	1,295	.....	1,315	5,571	21,655	22,317
Lincoln Total	1,845	.....	1,640	6,996	13,144	21,092
Lincoln	924	.....	820	3,498	4,826	10,097
Mark VI	921	.....	820	3,498	6,875	10,995
Versailles	.....	.....	.....	.....	1,443	.....
GENERAL MOTORS	103,364	82,283	97,243	401,519	1,577,910	1,399,473
Buick Division	21,256	16,889	22,516	90,439	311,715	327,275
Skylark	5,484	4,183	5,232	22,679	82,212	89,472
Century	4,973	4,379	5,231	20,062	66,148	67,162
Regal	6,143	3,741	6,881	27,250	79,173	91,900
Buick	3,275	3,604	3,847	15,076	65,499	58,173
Riviera	1,381	982	1,325	5,372	18,683	20,568
Cadillac Division	6,398	3,647	4,018	20,828	85,485	99,514
Cimarron	89	.....	80	164	.....	182
Seville	756	515	508	2,840	15,419	10,955
Eldorado	1,340	1,042	1,314	5,808	21,316	22,858
Cadillac	4,213	2,090	2,116	12,016	48,750	65,519
Chevrolet Division	35,995	34,341	31,327	135,966	653,361	487,918
Chevette	8,289	8,910	8,338	34,188	161,223	109,758
Cavalier	1,632	.....	1,029	3,113	.....	3,517
Monza ('80)	.....	3,677	.....	.....	57,466	.....
Camaro	2,574	3,849	2,693	12,170	50,001	44,339
Citation	7,759	8,844	8,561	35,285	167,998	125,475
Malibu	6,974	4,440	6,542	25,057	99,141	90,027
Monte Carlo	3,567	1,421	3,764	13,961	46,576	46,708
Chevrolet	4,800	2,400	.....	10,512	54,455	56,326
Corvette	400	800	400	1,680	16,501	11,268
Oldsmobile Division	26,021	18,094	25,646	100,616	305,789	335,118
Omega	3,741	2,264	3,185	14,746	43,110	54,178
Cutlass	13,927	11,183	14,178	51,937	146,952	160,987
Oldsmobile	7,097	3,842	7,045	28,804	99,280	102,305
Toronado	1,256	805	1,238	5,129	16,447	17,648
Pontiac Division	13,694	9,312	13,736	53,670	221,560	149,648
Acadian†	470	650	476	2,607	9,134	8,065
J2000	1,367	.....	1,044	3,598	.....	4,274
Sunbird ('80)	.....	3,103	.....	.....	53,592	.....
T1000	2,718	.....	2,723	10,942	.....	17,980
Firebird	1,506	1,917	1,366	4,992	34,999	18,270
Phoenix	2,509	2,764	2,967	11,495	47,947	40,892
Grand Prix	3,115	.....	3,097	11,456	23,968	34,288
LeMans	1,783	530	1,837	7,071	21,410	20,750
Pontiac	226	354	226	1,509	30,510	5,129
VOLKSWAGEN	4,160	4,375	4,146	17,618	69,991	66,242
CHECKER	.....	85*	.....	30*	1,161	633*
Total Cars, U. S.	163,050	126,331	160,006	654,023	2,421,162	2,254,906

CANADIAN CAR PRODUCTION

	Week Ended May 2, 1981	Week Ended May 3, 1980	Week Ended April 25, 1981	April Est.	Jan. 1 to May 3, 1980	Jan. 1 to May 2, 1981
AMERICAN MOTORS	720	.....	726	3,042	.....	10,559
CHRYSLER CORP.	1,800	.....	1,797	4,774	23,001	10,490
FORD MOTOR	6,492	4,606	7,049	28,818	86,488	63,987
GENERAL MOTORS	13,064	12,016	13,135	55,524	195,017	192,870
VOLVO	225	225	225	945	3,925	3,656
Total Cars, Canada	22,301	16,847	22,932	93,103	308,431	281,562
N. American Cars	185,351	143,178	182,938	747,126	2,729,593	2,536,468
N. American Trucks	45,821	49,491	43,938	203,482	832,361	791,961
North American Cars and Trucks	231,172	192,669	226,876	950,608	3,561,954	3,328,429

†—All Acadians and Caravelles are built for sale in Canada. *—Estimated.